

\$ _____
**Redevelopment Agency of the City of San José
Merged Area Redevelopment Project Housing Set-Aside
Tax-Exempt Refunding Tax Allocation Bonds, Housing Series 2010A**

\$ _____
**Redevelopment Agency of the City of San José
Merged Area Redevelopment Project Housing Set-Aside
Taxable Refunding Tax Allocation Bonds, Housing Series 2010B**

BOND PURCHASE AGREEMENT

March __, 2010

REDEVELOPMENT AGENCY OF
THE CITY OF SAN JOSE
200 East Santa Clara Street
San José, California 95113

Ladies and Gentlemen:

Banc of America Securities - Merrill Lynch and Stone & Youngberg LLC (the “*Underwriters*”) hereby offer to enter into this Bond Purchase Agreement (the “*Purchase Agreement*”) with the Redevelopment Agency of the City of San José (the “*Agency*”), which, upon acceptance, will be binding upon the Agency and the Underwriters. This offer is made subject to acceptance thereof by the Agency prior to 11:59 p.m., California time, on the date hereof, and upon such acceptance, as evidenced by the execution hereof by an authorized officer of the Agency, in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Agency and the Underwriters. All capitalized terms used and not defined in this Purchase Agreement have the meanings assigned to them in the Agreement (herein defined).

SECTION 1. PURCHASE AND SALE OF BONDS.

(a) Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Agency hereby agrees to sell to the Underwriters, and the Underwriters agree to purchase from the Agency, all (but not less than all) of the Agency’s \$ _____ aggregate principal amount of Merged Area Redevelopment Project Housing Set-Aside Tax-Exempt Refunding Tax Allocation Bonds, Housing Series 2010A (the “*Series 2010A Bonds*”) at the purchase price of \$ _____ (which is the aggregate principal amount

of the Series 2010A Bonds, plus/minus a [net] original issue premium/discount of \$ _____, less an Underwriters' discount of \$ _____) and all (but not less than all) of the Agency's \$ _____ aggregate principal amount of Merged Area Redevelopment Project Housing Set-Aside Taxable Refunding Tax Allocation Bonds, Housing Series 2010B (the "*Series 2010B Bonds*") and, together with the Series 2010A Bonds, the "*Bonds*") at the purchase price of \$ _____ (which is the aggregate principal amount of the Series 2010B Bonds, less an Underwriters' discount of \$ _____).

(b) The Bonds shall be dated their date of delivery and mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, and the Bonds shall be subject to redemption, all as set forth in the Official Statement referred to below. The Bonds shall be issued pursuant to, secured under the provisions of, and payable as provided in the Fiscal Agent Agreement, dated as of February 1, 1993 (the "*Original Fiscal Agent Agreement*"), between the Agency and Wells Fargo Bank, National Association, as successor to First Interstate Bank of California and as fiscal agent thereunder (the "*Fiscal Agent*"), as heretofore supplemented and amended, and as supplemented by an Eighth Supplemental Agreement, dated as of April 1, 2010 (the "*Eighth Supplemental Agreement*" and, together with the Original Fiscal Agent Agreement, as supplemented and amended, the "*Agreement*"), by and between the Agency and the Fiscal Agent, and shall be substantially in the form described in the Agreement and the Community Redevelopment Law of the State of California (the "*State*"), constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "*Law*"). The Bonds shall be special obligations of the Agency and payable solely from and secured by a pledge of Housing Set-Aside Amounts (as defined in the Agreement).

(c) The proceeds of the Bonds will be used to (i) refund the Agency's outstanding Merged Area Redevelopment Project Housing Set-Aside Tax Allocation Variable Rate Demand Bonds (AMT), Series 2005C (the "*Series 2005C Bonds*") and Series 2005D (the "*Series 2005D Bonds*," and together with the Series 2005C Bonds, the "*Refunded Bonds*") currently outstanding in the total aggregate principal amount of \$59,125,000, (ii) fund a Reserve Account for the Bonds, and (iii) pay certain costs of issuance incurred in connection with the issuance of the Bonds.

(d) The Underwriters agree to make an initial bona fide public offering of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at a price lower (or yield higher) than the public offering price or prices (or yield or yields) set forth in Exhibit A hereto. The Underwriters also reserve the right to (i) over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice. The Underwriters represent to the Agency that the Bonds will be offered and sold by the Underwriters in accordance with applicable state and federal law.

Except as disclosed in the Official Statement referred to below, the Agency has not in the previous five years failed to comply in any material respect, and is as of the date hereof in compliance in all material respects, with its disclosure obligations under any prior undertaking related to Rule 15c2-12 (the "*Rule*") promulgated by the U.S. Securities Exchange

Commissioner (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended, to provide annual reports or notices of material events.

SECTION 2. OFFICIAL STATEMENT.

(a) In connection with the offering and sale of the Bonds, the Agency hereby ratifies, confirms and approves of the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement, dated March ___, 2010, relating to the Bonds (including the cover page and Appendices thereto, the “*Preliminary Official Statement*”) which, as of its date, the Agency has deemed final for purposes of the Rule, except for information permitted to be omitted therefrom by the Rule. The Agency agrees to deliver to the Underwriters as many definitive copies of the Preliminary Official Statement, as amended to conform to the terms of this Purchase Agreement and with such other changes and amendments as are mutually agreed upon by the Underwriters and the Agency (the “*Official Statement*”), as the Underwriters shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule and with Rule G-2 and all other rules of the Municipal Securities Rulemaking Board. The Agency agrees to deliver the final Official Statements to the Underwriters within seven business days after the execution of this Purchase Agreement. The Agency hereby authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the public offering and sale of the Bonds, *provided* that the Underwriters shall be responsible for complying with all requirements of the SEC and the Municipal Securities Rulemaking Board relating to the delivery of the Official Statement to the purchasers of the Bonds.

(b) If, at any time prior to the date 25 days following the later of the Closing Date (defined below) or the “End of the Underwriting Period” (which will be the date the Underwriters no longer retain, directly or as a member of an underwriter syndicate, an unsold balance of the Bonds for sale to the public, which date shall be provided to the Agency by written notice of the Underwriters) the Agency has knowledge of an event that might or would cause the Official Statement to contain an untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency will promptly notify the Underwriters in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the opinion of the Underwriters, the Agency or their counsel, to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Agency will forthwith cooperate with the Underwriters in the prompt preparation and furnishing to the Underwriters of a reasonable number of copies of an amendment of or a supplement to the Official Statement, in form and substance reasonably satisfactory to the Underwriters, which will so amend or supplement the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

SECTION 3. DELIVERY OF BONDS.

(a) At 8:00 a.m., California time, on April __, 2010, or at such earlier or later time or date as are agreed upon by the Agency and the Underwriters (the "*Closing Date*"), the Agency shall deliver or cause the delivery of the Bonds to The Depository Company, New York, New York ("*DTC*") and the closing documents hereinafter mentioned to the offices of Hawkins, Delafield & Wood LLP, San Francisco, California, or such other location or locations mutually agreed upon by the Agency and the Underwriters, and the Underwriters shall accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer of same day funds (such delivery and payment being herein referred to as the "*Closing*").

(b) The Bonds shall be executed, authenticated and delivered under and in accordance with the provisions of the Agreement and this Purchase Agreement. The Bonds shall be in definitive form, shall bear CUSIP numbers, and shall be fully-registered bonds, registered in the name of Cede & Co., as nominee for DTC. The Bonds shall be made available to the Underwriters for purposes of inspection at least two business days before the Closing Date.

SECTION 4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AGENCY.

The Agency represents, warrants and covenants as follows:

(a) The Agency is a public body, corporate and politic, organized and existing under the Constitution and laws of the State, including the Law, with the full right, power and authority to issue the Bonds and to execute, deliver and perform its obligations under the Bonds, this Purchase Agreement, the Agreement, the Continuing Disclosure Agreement, dated April __, 2010 (the "*Continuing Disclosure Agreement*") and the Official Statement.

(b) The Bonds, the Agreement, the Continuing Disclosure Agreement and this Purchase Agreement, when duly executed and delivered by all parties thereto, will constitute valid and binding obligations of the Agency, enforceable in accordance with their terms.

(c) By all necessary official action of the Agency prior to or concurrently with the acceptance hereof, the Agency has duly adopted and authorized the distribution of the Preliminary Official Statement and the Official Statement, and authorized and approved the execution and delivery of, and the performance by the Agency of the obligations on its part contained in, the Bonds, the Agreement, the Continuing Disclosure Agreement and this Purchase Agreement and the consummation by the Agency of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) The Preliminary Official Statement, at the date thereof (except for any information relating to The Depository Trust Company and its book-entry system included therein, and the information therein under the caption "UNDERWRITING," as to which no opinion or view is expressed), does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the

circumstances under which they were made, not misleading. At the date hereof, the Official Statement (except for any information relating to The Depository Trust Company and its book-entry system included therein, and the information therein under the caption “UNDERWRITING,” as to which no opinion or view is expressed) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) [Reserved]

(f) Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency, public board or body, known to the Agency to be pending or threatened against the Agency seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting any proceedings of the Agency taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Bonds, the Agreement, the Continuing Disclosure Agreement or this Purchase Agreement or contesting in any way the completeness or accuracy of the Official Statement or the existence or powers of the Agency relating to the Merged Area Redevelopment Project or the issuance of the Bonds.

(g) The execution and delivery of the Bonds, the Agreement, the Continuing Disclosure Agreement and this Purchase Agreement and compliance with the provisions on the Agency’s part contained therein, will not materially conflict with or constitute a material breach of or default under a material provision of any law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, fiscal agent agreement, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any properties or assets of the Agency under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, fiscal agent agreement, bond, note, resolution, agreement or instrument, except as provided by the Agreement.

(h) The Agency is not, to an extent that would materially, adversely affect the Agency’s ability to pay principal of or interest on the Bonds when due, in breach of or in default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, trust agreement, fiscal agent agreement, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both would constitute a default or an event of default under any such instrument.

(i) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may

reasonably request in order for the Underwriters (1) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (2) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; *provided, however*, that in no event shall the Agency be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(j) The Agency will take no action and will cause no action to be taken that would cause the interest on the Series 2010A Bonds to be includable in gross income for federal income tax purposes.

SECTION 5. REPRESENTATIONS OF THE UNDERWRITERS.

Each Underwriter represents that it has full power and authority to enter into this Purchase Agreement, that the execution, delivery and performance of this Purchase Agreement and the purchase of the Bonds contemplated herein have been duly authorized by such Underwriter, and that this Purchase Agreement, upon due authorization, execution and delivery by the parties hereto, will be a valid and binding obligation of such Underwriter.

SECTION 6. CONDITIONS TO OBLIGATIONS OF UNDERWRITERS.

The Underwriters have entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the Agency contained herein and upon the accuracy of the statements to be contained in the documents, opinions, and instruments to be delivered at the Closing.

Accordingly, the Underwriters' obligations under this Purchase Agreement to purchase, accept delivery of, and pay for the Bonds on the Closing Date is subject to the performance by the Agency of its obligations hereunder at or prior to the Closing. The parties hereto expressly understand that the obligations of the Underwriters to purchase the Bonds are and shall be subject to the following further conditions:

(a) At the time of the Closing, (i) the representations and warranties of the Agency contained herein shall be true and correct in all material respects; (ii) each of the documents and certificates required to be delivered at Closing shall have been duly executed, acknowledged and delivered by the appropriate parties thereto, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriters; and (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters.

(b) The Underwriters shall have the right in their absolute discretion to cancel the Underwriters' obligation to purchase the Bonds if between the date hereof and the Closing any of the following events occur:

(1) Legislation is enacted by the Congress of the United States or the Legislature of the State of California or favorably reported thereto for passage by any committee to which such legislation has been referred for consideration, or is pending before any such committee, or is recommended to the Congress of the United States for passage by the President of the United States or is recommended to the Legislature of the State of California for passage by the Governor of the State of California, or a decision is rendered by a court of the United States, including the Tax Court of the United States, or of the State of California, or a ruling or an official release is made or a regulation is proposed or made by the Treasury Department of the United States or the Internal Revenue Service or other federal or any State of California authority having jurisdiction over tax matters, with respect to federal or State of California taxation upon revenues or other income of the Agency or upon interest on obligations of the general character of the Series 2010A Bonds, or other action or events transpire that would, in the judgment of the Underwriters, have the purpose or effect, directly or indirectly, of changing the federal or State of California tax consequences of any of the transactions contemplated in connection herewith and that, in the judgment of the Underwriters, affects materially and adversely (i) the market price or marketability of the Series 2010A Bonds or (ii) the ability of the Underwriters to enforce agreements for the sale of the Series 2010A Bonds.

(2) Legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangement, are not exempt from registration under the Securities Act of 1933, as amended, or that the Agreement is not exempt from qualification under the Trust Agreement Act of 1939, as amended, or suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose, is initiated or threatened in any such court or by any such authority.

(3) There exists any event which, in the judgment of the Underwriters, either makes untrue or incorrect in any material respect as of such time any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect.

(4) There occurs any change in the affairs of the Agency that would materially adversely affect the ability of the Agency to perform its obligations under this Purchase Agreement, the Continuing Disclosure Agreement or the Agreement.

(5) Any new restriction on transactions in securities are established materially affecting the free market for securities (including the imposition of any limitation on interest rates) or materially increasing restrictions now in force or the extension of credit by, or the charge to the net capital requirements of, the Underwriters established by the New York Stock Exchange, the SEC, any other federal or state agency or the Congress of the United States, or by Executive Order.

(6) An order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the SEC, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement is or would be in violation of the federal securities laws as amended and then in effect.

(7) There shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Underwriters, impractical or inadvisable to proceed with the offering or delivery of the Bonds as contemplated in the Official Statement (exclusive of any amendment or supplement thereto).

(8) There is in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for trading become fixed and remain in force, or maximum ranges for prices for securities are required and remain in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the SEC or any other governmental authority having jurisdiction.

(9) A general banking moratorium is declared by either federal, California or New York authorities having jurisdiction and remains in force.

(10) Trading in the Agency's outstanding securities is suspended by the SEC.

(11) The withdrawal or downgrading of any rating of the Bonds or the underlying ratings of any other securities of the Agency secured by the Housing Set-Aside Amounts (as defined in the Agreement) by a national rating agency.

(c) At or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Underwriters:

(1) the Agreement and the Continuing Disclosure Agreement, duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to in writing by the Underwriters;

(2) the approving opinion of Hawkins, Delafield & Wood LLP (“*Bond Counsel*”), addressed to the Agency, dated the Closing Date, in substantially the form attached to the Official Statement as Appendix E, together with a reliance letter addressed to the Underwriters;

(3) a supplemental opinion of Bond Counsel, addressed to the Agency and the Underwriters, dated the Closing Date, to the effect that:

(A) this Purchase Agreement has been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, is valid and binding upon the Agency, subject to laws relating to bankruptcy, insolvency, reorganization or creditors’ rights generally and to the application of equitable principles if equitable remedies are sought;

(B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Agreement is exempt from qualification pursuant to the Trust Agreement Act of 1939, as amended; and

(C) the statements contained in the Official Statement on the cover and in the Sections thereof entitled “INTRODUCTION,” “THE HOUSING SERIES 2010 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE HOUSING SERIES 2010 BONDS,” “TAX MATTERS – TAX EXEMPT BONDS,” “TAX MATTERS – TAXABLE BONDS,” APPENDIX B – “Summary of Certain Provisions of the Agreement,” APPENDIX E – “Form of Proposed Legal Opinion of Bond Counsel,” and APPENDIX F – “Form of Continuing Disclosure Agreement” insofar as such statements purport to summarize certain provisions of the Bonds, the Agreement, the Continuing Disclosure Agreement and Bond Counsel’s opinion with respect to the tax status of interest on the Bonds, are accurate in all material respects;

(4) an opinion of Hawkins, Delafield & Wood LLP, as Disclosure Counsel to the Agency, addressed to the Agency and the Underwriters, dated the Closing Date, to the effect that no information came to the attention of the attorneys in such firm rendering legal services in connection with such issuance which caused such firm to believe that the Official Statement as of its date or the Closing Date (except for Appendices A, C, D and G thereto, and any financial,

statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion or any information about The Depository Trust Company or its book-entry system included therein, as to which no opinion or view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(5) an opinion of Bond Counsel, dated the Closing Date and addressed to the Agency, the Trustee and the Underwriters, to the effect that (i) upon the satisfaction of certain conditions set forth in the Agreement with respect to the Series 2005C Bonds and the Series 2005D Bonds, and (ii) upon the draw on the letters of credit with respect to the Series 2005C Bonds and the Series 2005D Bonds and application of such amounts to the redemption in full of the Series 2005C Bonds and the Series 2005D Bonds, as applicable, all liability of the Agency with respect to the Refunded Bonds has ceased and terminated and the refunding of the Refunded Bonds will not, in and of itself, cause interest on the Refunded Bonds to be includable in gross income for purposes of federal income taxation;

(6) certified copies of the resolution of the Agency (the "*Agency Resolution*") authorizing the issuance of the Bonds and the execution and delivery of the Agreement, the Continuing Disclosure Agreement, the Official Statement, this Purchase Agreement and other related documents, together with certified copies of the resolution of the City approving the issuance of the Bonds;

(7) an opinion of General Counsel to the Agency, addressed to the Underwriters, dated Closing Date, in customary form acceptable to the Underwriters, to the following effect:

(A) the Agency is a public body, corporate and politic, organized and existing under the Constitution and laws of the State, including the Law, with the full right, power and authority to issue the Bonds and to execute, deliver and perform its obligations under the Bonds, this Purchase Agreement, the Agreement, the Continuing Disclosure Agreement and the Official Statement;

(B) the Agency Resolution authorizing the issuance and sale of the Bonds and the execution and delivery of the Agreement, the Continuing Disclosure Agreement and this Purchase Agreement, and approving the Official Statement has been duly adopted at a meeting of the governing board of the Agency, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) the Agreement, the Continuing Disclosure Agreement and this Purchase Agreement have been duly executed and delivered by the Agency and, when duly executed and delivered by all parties thereto, will constitute legal, valid and binding obligations of the Agency, enforceable in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally, or by the availability of equitable remedies;

(D) except as otherwise disclosed in the Official Statement, to the best of such counsel's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, known to such counsel to be pending or threatened (a) challenging the creation, organization or existence of the Agency, (b) challenging the validity of the Bonds, this Purchase Agreement, the Agreement or the Continuing Disclosure Agreement, (c) seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or (d) under which a determination adverse to the Agency would have a material adverse effect upon the finances or operations of the Agency or the Agency's ability to pay principal of and interest on the Bonds when due;

(E) the Merged Area Redevelopment Project and all redevelopment plans constituting a part of the Merged Area Redevelopment Project have been duly adopted and are in full force and effect and, as described in Table 1 in the Official Statement, the Law and the redevelopment plans provide for the division of taxes pursuant to Section 33670 of the California Health and Safety Code for the purpose of paying debt service on the Bonds; and

(F) as of the time of acceptance hereof and as of the date of the delivery of the Bonds, except as otherwise disclosed in the Official Statement, the Agency is not and will not, to an extent which would materially adversely affect the Agency's ability to pay principal of and interest on the Bonds when due, be in breach of or in default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject; and, as of such times, except as disclosed in the Official Statement, the execution and delivery of the Agreement, the Continuing Disclosure Agreement and the Bonds and the adoption of the resolutions authorizing same in compliance with the provisions of each of such agreement or instruments do not and will not, to an extent which would materially adversely affect the Agency's ability to pay principal of and interest on the Bonds when due, conflict with or constitute a material breach of a material

provision of any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject;

(8) a certificate dated the Closing Date, signed by the Executive Director or other authorized officer of the Agency reasonably acceptable to the Underwriters to the effect that: (i) the representations, warranties and covenants of the Agency contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Agency has complied with all the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to Closing; and (iii) no event affecting the Agency has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect;

(9) two copies of the Official Statement executed on behalf of the Agency as provided in Section 2 of this Purchase Agreement;

(10) a copy of each report required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(g) of the Government Code of the State;

(11) a copy or verification of the filing of a letter of representation or such equivalent document as required by DTC;

(12) satisfactory evidence that the Bonds have been rated “___,” “___” and “___” by Moody’s Investors Service (“*Moody’s*”), Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc. (“*S&P*”), and Fitch Ratings, Inc. (“*Fitch*”), respectively;

(13) an opinion of Chapman and Cutler LLP (“*Underwriters’ Counsel*”), counsel to the Underwriters, addressed to the Underwriters and dated the Closing Date, in form and substance satisfactory to the Underwriters;

(14) [reserved];

(15) a certificate, dated the Closing Date, signed by the Fiscal Agent, in form and substance satisfactory to the Agency and the Underwriters to the effect that: (i) the Fiscal Agent has all necessary power and authority to enter into, and perform its duties and accepts the trusts created under, the Agreement and the Continuing Disclosure Agreement; (ii) the Fiscal Agent is duly authorized to enter into the Agreement and the Continuing Disclosure Agreement and to authenticate

the Bonds pursuant to the terms of the Agreement; (iii) the Bonds have been duly authenticated and delivered by the Fiscal Agent to the Underwriters pursuant to the direction from the Agency; (iv) to the best of the Fiscal Agent's knowledge, the Fiscal Agent is not in breach of or default under any law or administrative rule or regulation of the State or the United States of America, or of any department, division, agency or instrumentality thereof, or any applicable court or administrative decree or order to which the Fiscal Agent is subject or bound and which would materially impair the ability of the Fiscal Agent to perform its obligations under the Agreement and the Continuing Disclosure Agreement; and (v) to the best of the Fiscal Agent's knowledge, the execution and delivery of the Agreement and the Continuing Disclosure Agreement and the authentication of the Bonds will not conflict with or constitute a breach of or default under the Fiscal Agent's duties under any law, administrative regulation, court decree, resolution, charter or bylaws to which the Fiscal Agent is subject or by which it is bound;

(16) an opinion of counsel to the Fiscal Agent, addressed to the Agency and the Underwriters and dated the Closing Date to the following effect:

(A) The Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States of America and has full power and authority to execute and deliver the Agreement and the Continuing Disclosure Agreement; and

(B) The Agreement and the Continuing Disclosure Agreement have been duly executed and delivered by the Fiscal Agent and, when duly authorized, executed and delivered by the other parties thereto, constitute the valid and binding obligations of the Fiscal Agent, enforceable against the Fiscal Agent in accordance with their respective terms, except insofar as the validity, binding nature and enforceability of the Fiscal Agent's obligations thereunder may be limited by the effect of (i) insolvency, reorganization, arrangement, moratorium, fraudulent transfer and other similar laws, (ii) the discretion of any court of competent jurisdiction in awarding equitable remedies, including, without limitation, specific performance or injunctive relief and (iii) general principles of equity embodied in California statutes and common law;

(17) [reserved];

(18) [reserved];

(19) a fiscal consultant report executed by Urban Analytics, LLC (the "*Fiscal Consultant*") in substantially the form attached to the Official Statement;

(20) A certificate of the Fiscal Consultant, dated the Closing Date, to the effect that the information in the Official Statement under the headings "THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE," and under APPENDIX D –

“Report of Fiscal Consultant” to the Official Statement, is true and correct in all material respects, and contains no misstatement of any material fact and does not omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading, and consenting to the use of the report of the Fiscal Consultant in the Preliminary Official Statement and the Official Statement;

(21) the Tax Certificate duly executed by the parties thereto and an Internal Revenue Service Form 8038-G with respect to the Series 2010A Bonds; and

(22) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters or Bond Counsel may reasonably request to evidence compliance by the Agency with this Purchase Agreement, legal requirements (including tax status), and the performance or satisfaction by the Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Agency.

The Agency will furnish the Underwriters with such conformed copies of such opinions, certificates, letters and documents as the Underwriters may reasonably request. If the Agency is unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Agreement, or if the obligations of the Underwriters are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriters nor the Agency shall have any further obligations hereunder, except as provided in Section 8 hereof. However, the Underwriters may in their discretion waive one or more of the conditions imposed by this Purchase Agreement for the protection of the Underwriters and proceed with the Closing.

SECTION 7. CONDITIONS TO OBLIGATION OF THE AGENCY.

The respective obligations of the Agency under this Purchase Agreement to deliver the Bonds on the Closing Date are subject to the performance by the Underwriters of their obligations hereunder at or prior to the Closing.

SECTION 8. EXPENSES.

(a) Except as specifically provided in paragraph (b) of this Section 8, the Underwriters shall be under no obligation to pay, and the Agency shall pay from its available funds or from the proceeds of the Bonds, certain expenses set forth in this Section, including but not limited to (i) all expenses in connection with the preparation, distribution and delivery of the Official Statement, and any amendment or supplement thereto; (ii) the fees and disbursements of Bond Counsel and the Trustee in connection with the Bonds; (iii) the fees and disbursements of counsel to the Agency in connection with the Bonds; (iv) all expenses of the Agency in connection with the preparation, printing and delivery of the Bonds; and (v) any expenses incurred on behalf of the Agency’s employees which are incidental to implementing this Purchase Agreement, including, but not limited to meals and transportation for those employees.

(b) The Underwriters shall pay (i) the fees of the California Debt and Investment Advisory Commission, and (ii) all other expenses incurred by them in connection with their offering and distribution of the Bonds, including travel and advertising expenses and the fees and expenses of their counsel.

SECTION 9. NOTICE.

Any notice or other communication to be given to the Agency under this Purchase Agreement may be given by delivering the same in writing to the Director of Finance and Administration of the Agency at the address set forth above. Any such notice or communication to be given to the Underwriters may be given by delivering the same in writing to:

Stone & Youngberg LLC
One Ferry Building
San Francisco, California 94111
Attn: Public Finance Department

and

Banc of America Securities - Merrill Lynch
101 California Street, Suite 1225
Mail Code: CA5-332-12-00
San Francisco, California 94111
Attn: Public Finance Department

SECTION 10. GOVERNING LAW.

This Purchase Agreement shall be governed by the laws of the State of California.

SECTION 11. PARTIES IN INTEREST.

This Purchase Agreement is made solely for the benefit of the signatories hereto (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof.

SECTION 12. SURVIVAL OF REPRESENTATIONS.

All representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of (a) delivery of and payment for any of the Bonds and (b) any termination of this Purchase Agreement.

SECTION 13. SEVERABILITY.

If any provision of this Purchase Agreement is held or deemed to be or is, in fact, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

[Remainder of page intentionally left blank.]

SECTION 14. COUNTERPART SIGNATURES AND FACSIMILE TRANSMISSION.

This Purchase Agreement may be executed by facsimile transmission and in separate counterparts, each of which when so executed and delivered shall be original, but all such counterparts shall together constitute but one and the same instrument.

Very truly yours,

STONE & YOUNGBERG LLC

By: _____
Name: _____
Title: _____

BANC OF AMERICA SECURITIES - MERRILL
LYNCH

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED TO:

REDEVELOPMENT AGENCY OF THE
CITY OF SAN JOSE

By: _____
Chief Financial Officer and
Director of Finance and Administration

APPROVED AS TO FORM:

By: _____
Chief Deputy General Counsel

EXHIBIT A

MATURITY SCHEDULES

SERIES 2010A BONDS

MATURITY (AUGUST 1)	PRINCIPAL AMOUNT	INTEREST RATE	PRICE OR YIELD
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* Priced to call on August 1, _____.

SERIES 2010B BONDS

MATURITY (AUGUST 1)	PRINCIPAL AMOUNT	INTEREST RATE	PRICE
			100%
			100
			100
			100
			100
			100
			100
			100
			100
			100
			100

\$ _____ % Term Bond due August 1, _____ Priced at 100%
 \$ _____ % Term Bond due August 1, _____ Priced at 100%
 \$ _____ % Term Bond due August 1, _____ Priced at 100%